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Special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, held on 1 May 2001

Note by the Secretary-General

The Secretariat hereby circulates for the information of the Economic and Social Council an informal summary of the special high-level meeting of the Council with the Bretton Woods institutions, held on 1 May 2001.

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Summary of the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions

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I. Background

1. The General Assembly, in annex I, paragraph 88 of its resolution 50/227 on revitalizing the United Nations in the economic and social fields, recommended that the Economic and Social Council periodically schedule a high-level special meeting at a time proximate to the semi-annual meetings of the Bretton Woods institutions. The Council subsequently held high-level special meetings with the Bretton Woods institutions in 1998, 1999 and 2000. In response to the 2000 high-level meeting, the General Assembly encouraged the deepening of the dialogue between the Economic and Social Council and the Bretton Woods institutions in order to promote the wide range of reforms needed in an international financial architecture that reflects the global interests of the international community. It further recommended that their next high-level meeting should consider the modalities needed to further consolidate a broader global agenda for a strengthened and stable international financial system, responsive to the priorities of growth and development, in particular of developing countries, and to the promotion of economic and social equity in the global economy (see General Assembly resolution 55/186).

2. The fourth special high-level meeting of the Economic and Social Council with the Bretton Woods institutions was held on 1 May 2001. The meeting addressed two themes: (a) development financing, in particular poverty eradication, official development assistance, and debt; and (b) a development-friendly international financial system: public and private responsibility in the prevention of financial crises. It brought together policy makers in the areas of finance and monetary issues, development cooperation and foreign affairs for a dialogue in the Council.

3. The high-level meeting of the Council took place in the form of a free-flowing dialogue between ministers and high-level officials, permanent representatives and representatives from the international financial institutions and the United Nations and a panel composed of Mr. Gordon Brown, Chairperson of the International Monetary and Financial Committee, Chancellor of the Exchequer of the United Kingdom of Great Britain and Northern Ireland; Mr. Yashwant Sinha, Chairperson of the Development Committee, Minister of Finance of India; Mr. J. O. Sanusi, Chairperson of the Group of 24, Governor of the Central Bank of Nigeria; Mr. Paul Martin, Chairperson of the Group of Twenty, Minister of Finance of Canada; and Mr. Andrew Crockett, Chairperson of the Financial Stability Forum, General Manager of the Bank for International Settlements. Mr. Sven Sandström, Managing Director of the World Bank, and Mr. Eduardo Aninat, Deputy Managing Director of the International Monetary Fund (IMF) made concluding comments.

4. The meeting was chaired by the President of the Council. The Secretary-General of the United Nations made an opening statement. The Deputy Secretary-General also participated in the meeting. To facilitate an interactive debate, the meeting broke into two simultaneous round tables for part of the meeting. A note by the Secretary-General on selected aspects of international cooperation in strengthening financing for development (E/2001/45) was used in the discussions.

5. The present report provides a synopsis of the meeting. It summarizes the salient points and main aspects of the statements made and exchanges of views that took place. It is hoped that the summary will deepen the understanding of the main issues related to financing for development and the reform of the global financial system in the broader context of the commitment to achieving the development goals of the Millennium Declaration and the fight against poverty in developing countries.

II. Opening statements

President of the Economic and Social Council

6. The President of the Economic and Social Council welcomed the participants to the special high-level meeting. The meeting provided a unique forum for key policy makers on financial, monetary, development and foreign affairs to engage in a dialogue with a view to strengthening policy coherence in areas that critically affected the development prospects of all countries and, in particular, those of developing countries.

7. The President was concerned that the slowdown in the world economy would hamper progress towards the goal of poverty eradication. In addition to major trends in the weakening global economic growth, a number of other factors such as natural disasters, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and conflicts had also hindered

economic and social recovery. More urgently than ever, common efforts and actions were required to bring the global economy back on a steady path towards the achievement of the Millennium goals and targets.

8. A stable international financial system was fundamental to effective policies for poverty eradication. Manageable debt and predictable financial flows were also critical ingredients to poverty eradication. Efficient, trusted and reliable mechanisms were essential to ensure that all actors, including the private sector, worked in partnership to create a financial environment conducive to growth and development. A coherent approach to development by the international organizations, in particular the United Nations and the Bretton Woods institutions, would greatly facilitate the attainment of desired outcomes at all levels.

9. The discussions of the meeting should help set the stage for the upcoming meeting of the Preparatory Committee of the International Conference on Financing for Development. The United Nations and the Bretton Woods institutions had shown exemplary cooperation in preparation for that event. The special high-level meeting of the Council with the Bretton Woods institutions provided an opportunity to engage in an open dialogue on how to mobilize the energy and resources of the entire international system behind the global development agenda defined by Heads of State and Government at the Millennium Summit.

Secretary-General

10. The Secretary-General emphasized that since the first meeting between the Economic and Social Council and the Bretton Woods institutions the unjustified and unhelpful compartmentalization of their work into separate realms had been consigned to the past. The executive boards of the World Bank and the International Monetary Fund had hosted both the ambassadors of the Council and of the bureau of the Preparatory Committee of the International Conference on Financing for Development in Washington, D.C. The collaboration on his report to the Preparatory Committee had been unprecedented and extremely fruitful. The deepening of partnership and mutual understanding between the Council and the Bretton Woods institutions boded well for the multilateral system and its constituents.

11. The current slowdown in world economic growth, which had originated in the developed world, could have significant risks for the developing countries, as adverse developments in major economies propagate themselves through the multiple channels of the globalized world economy. But wherever and however such problems arose, one result was always the same: the poor suffered disproportionately. The needs and aspirations of the poor thus needed to be kept at the top of the agenda to ensure that they were not victimized, left behind or without help, particularly in the developing countries.

12. Unless far greater amounts of resources were mobilized from both public and market-led investment, plans to eradicate poverty and to accelerate development would be thwarted. The donor countries, which received most of the benefits from globalization, should increase their aid and help to increase its effectiveness. At the same time, greater attention needed to be paid and focused on making better use of domestic resources, where women in particular needed more access to capital.

13. In his report to the Preparatory Committee for the International Conference on Financing for Development, he had recommended wide-ranging action aimed at strengthening of financial institutions, legal frameworks, governance, measures against corruption, debt relief, improved market access and reduced vulnerability of developing countries and countries with economies in transition to sudden reversals of resource flows.

14. Furthermore, to make globalization work for all and to defuse some of the backlash against globalization, it was crucial that developing countries be given an adequate voice in the decisions affecting their development prospects, particularly in the governing bodies of the international financial institutions. These bodies needed to be made more effective, accountable and transparent.

15. While these issues were complex and closely intertwined, the Secretary-General urged participants not to renegotiate, rehash or revisit old issues. A consensus on the values, priorities and objectives that should guide the Member States already existed in the Millennium Declaration. The Secretariat would continue to assist Member States in their efforts to achieve the Millennium goals and would be active in monitoring progress at both global and national levels,

in close consultation with Governments and civil society. The Council and the Bretton Woods institutions could do their rightful part and take their cooperation to a new level.

Chairperson of the International Monetary and Financial Committee

16. The Chairperson of the International Monetary and Financial Committee underlined that the message he brought from the meeting of his Committee was the shared recognition by all countries of their mutual interdependence, which meant that economic instability anywhere had repercussions everywhere. In the face of a slowing economy, international economic cooperation had to be strengthened in order to achieve economic and social progress. There was a need to be vigilant and forward looking in creating the conditions needed for macroeconomic growth, to continue the reform of the international financial architecture, to open trade talks this year and to build a virtuous circle of debt relief and economic growth and development to achieve the goals for poverty reduction by 2015.

17. To achieve the target of reducing the proportion of people living in poverty in half by 2015, lasting debt relief was needed for the poorest countries. The Heavily Indebted Poor Countries (HIPC) debt initiative, which had now been implemented in 22 countries, had to achieve its goal of a lasting exit from debt and poverty. A special programme for post-conflict countries was being considered.

18. The development and adoption of codes and standards and their application in practice by rich and poor countries was important for crisis prevention. Surveillance should be encouraged to minimize the contagion effect. The private sector had the duty to be engaged and to invest even in difficult times.

19. Education for all was the best long-term poverty eradication strategy. The International Monetary Financial Committee, for the first time, stressed the importance of the commitments made at the World Education Forum, held in Dakar from 26 to 28 April 2000, and in particular, those on education for girls and women.

20. On health issues, in particular HIV/AIDS and other infectious diseases such as malaria and tuberculosis, the International Monetary Financial Committee followed the lead of the Secretary-General of the United Nations and the President of the World Bank and, also for the first time, determined that action was needed on a priority basis. A window of opportunity existed this year for concrete initiatives as well as an alliance among Governments, international organizations and the private sector to take specific steps. There was growing support for the establishment of a Global Health Fund, which would enable development of new vaccines, access to drugs and vaccination and better support and delivery systems. Pharmaceutical companies should continue research and development and make drugs available at affordable prices in the poorest countries.

21. These programmes of reform in health and education made it clear that economic progress could not be bought at the expense of social progress. The task of providing relief from poverty was a duty of all.

Chairperson of the Development Committee

22. The Chairperson of the Development Committee noted with satisfaction that globalization was finally catching up with global institutions, as demonstrated by the present meeting. He noted with concern that the slowdown of the world economy would have uneven impact and different consequences for rich and poor countries, meaning less prosperity in the developed countries but more poverty in the developing countries. In its own meeting, as well as in the joint meeting with the International Monetary and Financial Committee, special note had been taken of the problems of the poorest countries, especially of those in Africa. The joint meeting had resolved to further intensify efforts to implement the HIPC debt initiative, debt relief and the continuation of overseas development assistance.

23. Trade needed to be leveraged for development so that countries receiving debt relief would not fall back into the debt trap. In this regard, international institutions should provide assistance in capacity-building so that these countries could take advantage of global trade opportunities. The World Bank could help in enhancing the negotiating capacities of the developing countries.

24. The World Bank should apply a selective and strategic approach towards middle-income countries. It should be a catalyst for policy and institutional change, including capacity-building, for increased private investment flow and financial support in promoting sustainable growth and poverty reduction in these countries. The Development Committee expressed

support for the initiative to control communicable diseases and identified it as a major public good, along with trade integration, financial stability, knowledge and environmental commons. Other issues discussed by the Development Committee were external vulnerabilities and contagion and their destabilizing effect on the financial sector.

25. The Chairperson elaborated on the six-point action plan which he, in his capacity as Minister of Finance of India, had suggested to the Development Committee, and which included many of the concerns he had just mentioned. The six points were: concentration on capacity-building in low-income and least developed countries; provision of fair and equal opportunities to middle-income countries; protection against external vulnerabilities and contagion effects; war against communicable diseases; sustainable development, addressing economic growth, social justice and environmental protection; and effective governance at national and subnational levels.

Chairperson of the Group of 24

26. The Chairperson of the Group of 24 stressed that the global economic slowdown would have a special impact on developing countries by negatively affecting primary commodity prices and by weakening adjustment efforts and growth. To achieve the target contained in the Millennium Declaration of reducing the proportion of people living in poverty by half by 2015, adequate funding would be required, but developing countries faced complex obstacles in mobilizing resources. Concerted global action was necessary. The integration of financial markets would not necessarily translate into global economic growth and social equity. The Group of 24 urged the donors to bridge the resource shortfall from private flows by increasing official development assistance contributions from the 0.24 per cent in 1999 to the target of 0.7 per cent of gross national product (GNP). International and regional financial institutions should increase direct lending and leveraging private resource flows to middle-income countries. The Group also called for adequate funding for the thirteenth replenishment of the resources of the International Development Association.

27. The Group of 24 had welcomed the progress made under the enhanced HIPC debt initiative and through the poverty reduction strategy papers. However, as only one country had reached completion point, faster implementation and quicker access to resources were required. Technical assistance and simple, realistic and focused conditionality should enable more countries to complete the poverty reduction strategy papers so as to reach completion point and qualify for debt relief as soon as possible. Special attention was required to address the needs of countries in conflict.

28. Many developing countries had incorporated trade policy reform as part of their economic policy. However, trade protectionism remained entrenched within the policies of developed countries, hindering opportunities for developing countries to increase trade. Trade barriers, especially for agricultural products and textiles, needed to be removed and market access improved to allow the developing countries to benefit from global trade. Progress had been made to strengthen the international financial system through the establishment of codes and standards. Their observance, however, had to remain voluntary, duly recognizing the country-specific circumstances and stages of development.

29. The Group of 24 appreciated the increased global awareness and expanded efforts to fight HIV/AIDS and stated that a global trust fund to combat the disease should be immediately established. The World Bank should strengthen its partnership with the Joint United Nations Programme on HIV/AIDS (UNAIDS) and other important actors, especially in their efforts to develop a vaccine.

30. The Chairperson expected that the deliberations of the special high-level meeting would serve as a valuable contribution to the financing for development process.

Chairperson of the Group of Twenty

31. The Chairperson of the Group of Twenty recalled that the Group's key concerns were financial issues and reform efforts in the international financial system. Composed of the Ministers of Finance of 19 countries, it had been formed in the aftermath of the Asian financial crisis. The Group represented 88 per cent of world output, 65 per cent of the world's population and 60 per cent of the world's poor.

32. While having access to capital was important, massive capital fluctuations could destabilize the economy and create crises. The Group was promoting consistency in financial management, but recognized

that the credo of some could not be imposed on all. Countries had to be part of the decision-making process in order to be part of the solution.

33. In discussing some of the achievements of the Group, he highlighted the acceptance of standards and codes, as well as their implementation, which contributed to transparency in financial statements. Having recognized that countries were different, the Group was preparing case studies to help formulate policies that enabled countries to adjust to the realities of globalization.

34. As another accomplishment of the Group of Twenty, the Chairperson stressed the need to go far beyond the "Washington consensus", which was considered too narrow. Economic growth was an essential prerequisite, but economic growth without social equity was not sustainable and would not lead to poverty eradication. The "Montreal consensus", which emanated from the second meeting of the Group of Twenty on 24 and 25 October 2000, affirmed that the social safety of all people served as a basis for economic security.

Chairperson of the Financial Stability Forum

35. The Chairperson pointed out that the work of the Financial Stability Forum had shown that international financial crises originated in weak domestic financial systems. As finance had become more global, contagion effects had brought unforeseeable, unexpected consequences. The Forum brought together national and international authorities responsible for financial regulation and supervision, including ministries of finance, central banks, regulatory authorities, the World Bank, the International Monetary Fund and international standard setting bodies. Discussions centred on the financial architecture, the development of standards and codes and good practice aimed at making countries more resilient to crises.

36. The task of the Financial Stability Forum was to improve the capacity for sharing information, and to identify weaknesses in national systems that could pose a threat in the future. Among the examples of the Forum's work were efforts to improve transparency in the operations of highly leveraged institutions, such as the hedge funds, and efforts aimed at increasing resilience to instability caused by volatile short-term capital flows.

37. One cornerstone in the efforts to build a new financial architecture was the development and implementation of codes and standards. While the principles underpinning the codes and standards were universal, implementation should be carried out according to the needs and circumstances of each individual country. This required prioritization, incentives such as technical assistance and monitoring.

38. With regard to representativeness of participation, it was vital that countries felt ownership, requiring the involvement of all those interested in the issues. Consultation mechanisms had to be further developed so that all voices could be heard. Regional forums could play an important role in this regard.

III. Round-table discussions

39. After the introductory statements, the meeting reconvened in two round tables for an interactive dialogue among participants. Each group was invited to address both themes chosen for the high-level meeting. Ministers of finance and of development cooperation, governors of central banks, permanent representatives, panellists, and representatives of the international financial institutions, the United Nations, the United Nations Development Programme (UNDP) and the Economic Commission for Latin America and the Caribbean (ECLAC) took the floor. They focused on the set of issues and questions raised in the note by the Secretary-General (E/2001/45), and in the introductory statements made in plenary. The round tables were chaired, respectively, by the President and Senior Vice-President of the Council. The following main themes emerged from the round-table discussions.

A. Global economic outlook and achievement of goals of the Millennium Summit

40. Participants expressed concern about the generalized slowdown in the global economy and its impact on the achievement of development and poverty eradication goals. Fear was expressed at sinking commodity prices and increased protectionist pressures in developed countries. Speakers stressed the crucial need to ensure sustained economic growth as a prerequisite for poverty eradication. This required pro-poor growth policies in developing countries,

combined with increased aid, more soft loans, open market access and reduction of subsidies, especially in agriculture, in the developed countries. There was also a need for a better balance between fiscal discipline and social needs in pursuing growth and poverty reduction strategies.

41. Speakers underlined the need for a firm commitment to achieving the goals of the Millennium Summit as endorsed by Heads of State and Government in September 2000, and in particular the long-term objective of poverty eradication. The latter was also a key objective of the upcoming Third United Nations Conference on Least Developed Countries (14-20 May 2001, Brussels), which should see an upsurge in international solidarity. The same solidarity was essential to support the development of efforts in Africa.

42. Milestones such as the Millennium Declaration and the global conferences of the 1990s had created more support for development goals than ever before. The International Conference on Financing for Development provided the opportunity for translating the consensus on these goals into practical action. To that end, the gap between the views of ministries of finance and of development regarding the time frame of goals, public spending and performance parameters needed to be bridged. The fact that the consensus on development goals was now finally being carried into the work of the international financial institutions was commended. Several speakers supported the Secretary-General's proposal for a practical, action-oriented "Millennium campaign" in order to meet the Millennium goals.

B. Poverty eradication: the role of official development assistance, debt relief and trade

43. While recognizing the indispensability of economic growth to alleviate poverty, speakers underlined the critical contribution of official development assistance, debt relief and trade to development and poverty eradication not only in the poorest, but also in middle-income countries and countries with economies in transition.

44. Noting the long-standing international target of 0.7 per cent of GNP for official development assistance, many speakers voiced their disappointment at the low and sinking levels of contributions to official development assistance, which had seen a further net reduction for 2000. At the same time, the increase in official development assistance in real terms by a number of countries in 2000 was acknowledged and the five countries that had reached or exceeded the 0.7 per cent target were commended. For countries with special difficulties, official development assistance should be provided either as grants or as loans on very soft terms. Development challenges such as education and HIV/AIDS required additional resources, especially in the context of a weakening global economy. Several speakers from developed countries urged other donors to increase their financial contributions to development.

45. Several speakers welcomed the enhanced HIPC debt initiative, but also expressed concern that, so far, only one country had reached the completion point. Agreeing that more needed to be done, speakers called for flexibility in the application of the initiative. Priority should be given to the full funding of the HIPC debt initiative rather than to its expansion at this time. It was feared that an expansion might divert resources from other purposes, such as the thirteenth replenishment of the resources of the International Development Association. International financial institutions were urged to include additional factors in debt sustainability analysis. Noting that debt relief could only be an exceptional measure, some urged caution in efforts to reach comprehensive debt solutions.

46. Several speakers considered that increased trade and market access was the single most important element for developing countries to achieve sustainable growth and to escape poverty. This required the reduction of trade barriers, especially for agricultural products and textiles. The European Union was commended for its "Everything but arms" initiative.

47. Emphasis was also placed on the situation of middle-income countries, in which 80 per cent of the world's poor lived. Development assistance, trade and financial issues, such as increased liquidity, improved cash flow, crisis prevention and avoiding contagion, also required consideration from the perspective of middle-income countries.

C. Sustainability of growth

48. A number of speakers emphasized the importance of the sustainability of economic growth for poverty eradication. Ensuring the transition to development through coherent financial and trade policies was particularly important for highly indebted poor countries once they had reached completion point of the HIPC debt initiative. However, efforts needed to go beyond the "Washington consensus". National efforts, including pro-poor macroeconomic policies, good governance, increased accountability and anti-corruption measures needed to go hand in hand with international financial support and coherent donor policies. Emphasis was placed on national institution and capacity-building for sustainable growth. The mobilization of domestic social capital would contribute to accelerated development and also ensure ownership of the development process. The role of international institutions in providing technical assistance was underlined.

49. Similarly, many speakers emphasized the crucial role of social policies, especially in the fields of education and health, for sustainable economic growth. Speakers were encouraged by concrete action in these areas, such as the increasing support for the proposed Global Health Fund aimed at fighting HIV/AIDS and other infectious diseases such as malaria and tuberculosis.

D. Strengthening the international financial system

50. Several speakers noted that further progress in strengthening the international financial system was necessary to promote the sustainable development of all countries and to achieve the goals outlined in the Millennium Declaration. Reducing the system's instability, with special reference to contagion and the speculative activities and limited transparency of hedge funds, was also a precondition for developing countries to benefit from globalization. Indeed, some participants emphasized the value of international financial stability as a global public good.

51. Many speakers underlined the importance of global standards and codes and the need of recognizing in their implementation the country-specific circumstances and stages of development, including institutional and administrative constraints. The necessary time period required to adapt the standards and codes to each country should also be taken into account. Significantly more technical assistance and additional resources were essential to strengthen the implementation capacities of developing countries in this area.

52. In addition to the need to improve crisis prevention and management capabilities, including by strengthening domestic financial systems, several participants emphasized that the costs of crisis resolution should be distributed more equally, among creditors and debtors and private and public sectors. To this end, some speakers put forward the proposal of establishing debtor/creditor councils that would facilitate the achievement of cooperative solutions.

E. Participation

53. Regarding the ongoing reforms of the Bretton Woods institutions, several ministers welcomed the review of IMF conditionality initiated by its Managing Director, with a view to making it better focused, more effective and less intrusive, as well as to enhancing programme ownership. Nevertheless, developing countries still needed a larger voice in the decision-making processes of these institutions. More generally, there was broad convergence on the need for inclusion and participation of all countries and stakeholders in global policy-making as a prerequisite to ensure its success. In this regard, most speakers noted with satisfaction the growing cooperation between the United Nations and the Bretton Woods institutions in the dialogue on global governance.

F. Financing for development

54. There was general agreement that the upcoming International Conference on Financing for Development represented a critical milestone in the dialogue between the United Nations and the Bretton Woods institutions. The Conference provided a unique opportunity for concrete advances on the above issues under a new framework that bridged existing gaps in different policy-making cultures. The main objective of the event should be a global alliance for development, ensuring better governance of globalization for the benefit of all.

55. The preparatory process of the Conference had engaged in an unprecedented way all relevant stakeholders, including Governments, multilateral institutions, the private sector and civil society, to discuss, using a holistic approach, all the key financial issues related to the promotion of development. The full engagement of the Bretton Woods institutions and the World Trade Organization (WTO) in the preparatory process and their commitment to actively participate in the Conference itself boded well for its success. Several participants called for similar commitments by finance, economy and trade ministries of Member States.

IV. Concluding remarks

56. Following the conclusion of the two round-table discussions, the President and Senior Vice-President summarized in plenary the salient points that had emerged in their respective groups. Both emphasized the value of the new format and the lively and productive discussion that had ensued with the participation of a large number of speakers contributing the perspectives of countries from all regions.

57. After the reports from the two round tables, the President of the Council invited the Deputy Managing Director of IMF and the Managing Director of the World Bank to make concluding comments on the discussions.

58. The Deputy Managing Director of IMF found that the vision, balance and the acknowledgement of the need for coherence that resonated in the meeting sent powerful signals to the world community. Governments, civil society, the private sector and the United Nations system were working together to make globalization work for all. A balance needed to be struck between the multiple goals and priorities on the one hand and the insufficient resources and limited instruments available on the other. The Bretton Woods institutions were making efforts to that end, but greater coherence and accountability were needed in moving forward.

59. The IMF reform efforts placed an emphasis on: realigning the conditionality review process to make it more efficient and open; adapting the Fund's facilities to make them more conducive to pressing needs; and strengthening the Fund's role in surveillance and assessment of external vulnerability. The Fund assisted capacity-building through technical assistance in macroeconomic policy and other emerging issues. It assisted countries in several areas such as liquidity positions, foreign exchange management, debt management or early warning.

60. In conclusion, he noted that the Fund was a learning institution and that it would continue to change while maintaining its expertise and competencies in core macroeconomic issues. The Fund was pleased to work with the World Bank on the HIPC debt initiative and reiterated its commitment to actively engage in the financing for development process.

61. The Managing Director of the World Bank reconfirmed the World Bank's commitment to work together in the preparatory process of the International Conference on Financing for Development and at the event itself. The Bank was pleased with the broad agenda, which looked at the full set of resources for development, both public and private, as well as other economic activities such as trade. While he saw a good alignment of the United Nations, the World Bank and IMF, the Bank would like to see a much stronger involvement from the part of national Governments and a range of their ministries in the planning process for the International Conference on Financing for Development.

62. The Managing Director highlighted key constraints to development and the Bank's efforts in addressing them. The HIPC debt initiative, combined with traditional debt relief and bilateral debt forgiveness, would provide $55 billion in debt relief for 22 countries, a reduction of their debt burden by almost two thirds. As a result, an increase in social sector expenditure had already been seen by 25 per cent. The Bank was also taking action in other areas which posed constraints to development such as post-conflict reconstruction and HIV/AIDS. The fight against HIV/AIDS was expected to receive $500 million per year with the possibility to be expanded to $1 billion per year in the future. To take advantage of trade as a lever for development, market access needed to be improved and the capacity of developing countries to participate in trade negotiations strengthened.

63. The Managing Director noted a move beyond a discussion of the financial architecture towards a global "development architecture", which included country ownership, long-term debt strategies,

international development goals and increased alliances reaching beyond the United Nations system. In this regard, the Bank addressed individual constraints and also focused on the overall orientation of development.

64. In his closing remarks, the President of the Council characterized the discussions as having been of outstanding quality and depth. They had shown that financial and monetary issues and the integration of developing and transition economies into the global economy remained crucial questions to be addressed for economic growth and development. This was one of the major challenges to be dealt with in the process leading up to the International Conference on Financing for Development. Increased official development assistance, together with sound national policies and unhindered market access also remained critical issues in the development debate. The meeting reinforced the urgency of the global community's efforts for poverty eradication, especially in the aftermath of the Millennium Summit, which set very precise time-bound targets for achieving development goals. All Governments and international institutions, including the Economic and Social Council and the Bretton Woods institutions, which had participated in the high-level meeting were expected to assume their share of responsibility for concrete action to implement these commitments.

65. The President noted that responsibility for development was incumbent upon a larger number of stakeholders, beyond Governments and international institutions, as was emphasized in the discussion on the role of the private sector in situations of financial crises, especially in their prevention. The potentially devastating contagion effect of such crises made it imperative to seek new and creative ways of interaction, of sharing responsibility as well as for broadening participation between the public and the private sector. International institutions might be increasingly called upon to provide a forum where all stakeholders could meet and develop such creative new interaction in an effort of shared responsibility. At the same time, it was clear that the strength of the financial institutions, especially IMF and the World Bank, remained essential for global economic and financial stability.

66. In conclusion, the President commented that globalization brought with it old and new discontents, challenges and opportunities. At the Millennium Summit, it had been agreed that globalization had to become a positive force for all. He expressed his hope that the Economic and Social Council would maintain and expand its role of providing the unrivalled platform for dialogue between the United Nations and the Bretton Woods institutions, where innovative ideas emerged and opportunities for promoting and deepening the understanding between the two sets of institutions were created. The goodwill and positive spirit of the high-level meeting constituted a good start for the resumption of the preparations for the International Conference on Financing for Development.